

CLANDESTINE SERVICE SUPPORT OFFICERS' MEETING

DDS Conference Room

13 January 1971

1. Present were:

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2. Items of interest:

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a. Col. White's Absence from Headquarters Col. White will be away from 15 through 26 January 1971.

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b. Employee Conduct and Discipline It is again time to circulate  regarding employee conduct and discipline. Also  regarding release of Agency information to representatives of public information media.

c. Recent Tax Withholding Rate Change Last payday we all felt a little change in our take-home-pay as a result of a change in the federal tax withholding rates. A number of factors went into this change but the main ones were:

- (1) The allowable standard deduction went up from "10% up to \$1,000" to "13% up to \$1,500."
- (2) The new exemption rate went up to \$650 per exemption for 1971. The \$650 rate actually went into effect 1 July 1970, so \$625 can be claimed on the 1970 federal return.

- (3) The tax rate for the single and head of household categories was reduced to some degree.

d. Family Visitation Travel State Department is proposing a slight change in the visitation travel regulation as follows:

3 FAM 699.4-3c(1)(b) presently limits the accumulated annual cost of visitation travel to the U. S. to "not to exceed the cost of two round-trips of less than first class air travel to the District of Columbia."

The proposal is to delete "District of Columbia" and insert in its stead "documented place of residence of dependents."

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e. Amendment to Social Security Act As a "PS" to our note in our 6 January meeting, we have confirmed with OLC that a person who now may credit service as a contract or temporary employee (during which he paid the Social Security Tax) toward his creditable service under a federal retirement system may also receive Social Security retirement benefits if he qualifies under the latter system with the required number of work quarters.

f. Carrying Health Insurance Into Retirement One of our retirees during December was startled to learn that he was not eligible to carry his health insurance into retirement because he had not been a subscriber for five years prior to retirement. While he has been an Agency staffer for many years he elected to drop his health insurance during an overseas tour which terminated about a year before his retirement. He took the health insurance plan when he returned from abroad but because he did not then have it for at least five years, he must now buy a much more expensive plan to cover himself and his family in his retirement status.

g. Disability Retirement and Sick Pay Exclusion Some of you may be under the impression that when a person is given a Disability retirement he may claim the \$100 per week sick pay exclusion for federal tax purposes for the rest of his life. We had a question lately which brought this into focus and thought it would be useful to restate the conditions under which this tax benefit is available.

If a person is given a Disability retirement under CIARDS he may claim the sick pay exclusion until he reaches age 60. If a person is given a Disability retirement under CSRS the sick pay exclusion may be claimed only until the time he reaches one of the combinations for "voluntary" retirement that is -- age 55 with 30 years federal work plus retirement status, age 60 with 20 years, age 62 with 5 years. Entitlement to the sick pay exclusion is based in federal law as implemented in Internal Revenue regulations. The basic rule followed is that you may claim the exclusion during any years of retirement which were forced upon you by a disability. When you reach the point where you first could have exercised an option to retire voluntarily the exclusion ceases. With respect to going to age 60 under CIARDS the point is that no participant in CIARDS has the option of voluntary retirement until he reaches the mandatory age of 60. Until age 60 a CIARDS participant must first obtain the Director's approval for his retirement. Contrast this with retirement under the CSRS where no one has to approve your retirement once you reach age 55 with 30 years service, age 60 with 20 years service or age 62 with 5 years service.

One other detail. Under a voluntary or mandatory retirement, you have no federal income tax liability for the first year or so when your retirement pay represents a return to you of your retirement contributions on which you have already paid income tax. After you have drawn out your total contribution, you pay regular tax on subsequent amounts received. Under a Disability retirement, this offsetting is deferred until you can no longer claim the sick pay exclusion.

h. Housekeeping Practices Mr. Karamessines is most distressed with the constant clutter in the corridors of CS space. He intends to address your Chiefs on this subject, believing that much of the bad housekeeping can be corrected by ourselves. Please enlist the aid of your Logistics Officer to engage in regular attention to this problem and call upon the Building Services Branch for the assistance that they are prepared to provide.